

SB 1128 (DeSaulnier)
As Amended – April 7, 2010

COMMON INTEREST DEVELOPMENTS
Fact Sheet

SUMMARY

SB 1128 clarifies that the Rossmoor community may continue to charge residents a one-time transfer fee. This authority is imperative to the community's financial stability and enables the community to maintain affordable monthly dues for persons on fixed incomes.

BACKGROUND

The Golden Rain Foundation of Walnut Creek is a nonprofit corporation designated to serve as trustee under the trust agreement benefiting seventeen senior housing associations in the Rossmoor Walnut Creek community. The purpose of the Foundation is to provide administrative services and to own and maintain major infrastructure and facilities that serve more than 9,600 seniors residing in the Rossmoor Valley. Currently, the residents of Rossmoor pay a one-time transfer fee, which helps pay for the infrastructure and facilities needs of the Rossmoor Valley.

Last year, a California appellate court examined the status of an entity similar to the Golden Rain Foundation in southern California. The court concluded that the entity in southern California was an association and not a community service organization. This determination raised concerns for the Golden Rain Foundation that they would also be found to be an association under current law.

If the Golden Rain Foundation is determined to be an association they would no longer be able to charge a transfer fee which will threaten the stability of their infrastructure and facilities funding. In addition, this would shift a significant burden onto individual seniors at Rossmoor in the form of increased dues and assessments.

One of the many reasons seniors choose to reside in Rossmoor is the expectation of low monthly expenses. Without the transfer fee the seniors residing in the Rossmoor Valley would face an increase in their monthly expenses which is a huge concern for the residents, most of whom are living on a fixed income.

PREVIOUS LEGISLATION

AB 1086 (Laird) of 2003 allowed community service organizations to charge a transfer fee if they met the specified requirements.

AB 2718 (Laird) of 2004 put in place the current functions of a community service organization.

AB 980 (Calderon) of 2007 requires sellers to disclose any transfer fee that is associated with the property.

THIS BILL

SB 1128 will allow the Golden Rain Foundation of Walnut Creek to continue to charge a one-time transfer fee to its residents. The senior community residing in the Rossmoor Valley is in need of low monthly fees and this bill will ensure the continuity of services to residents of Rossmoor.

STATUS

June 30th – Assembly Committee on Housing and Community Development Hearing

SUPPORT

- Golden Rain Foundation of Walnut Creek –
Rossmoor (sponsor)
- Rossmoor, Walnut Creek Mutual #2
- Rossmoor, Walnut Creek Mutual #3
- Rossmoor, Walnut Creek Mutual #5
- Rossmoor, Walnut Creek Mutual #8
- Rossmoor, Walnut Creek Mutual #22
- Rossmoor, Walnut Creek Mutual #29
- Rossmoor, Walnut Creek Mutual #30
- Rossmoor, Walnut Creek Mutual #48
- Rossmoor, Walnut Creek Mutual #56
- Rossmoor, Walnut Creek Mutual #68
- Presidents of Rossmoor Walnut Creek Mutuals
1, 2, 3, 4, 5, 8, 22, 28, 29, 30, 48, 58, 59, 61, 65,
68.
- 4 Individual Residents of Rossmoor, Walnut
Creek

OPPOSITION

None Received

FOR MORE INFORMATION

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